

Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-02 PRS-01 SP-02 SS-15 USIA-15 EB-07

AID-05 TRSE-00 ACDA-10 IO-13 STR-04 COME-00 /105 W

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P 090900Z DEC 76

FM AMEMBASSY KUALA LUMPUR

TO SECSTATE WASHDC PRIORITY 5449

INFO AMEMBASSY SINGAPORE PRIORITY

AMEMBASSY BANGKOK

AMEMBASSY CANBERRA

AMCONSUL HONG KONG

AMEMBASSY JAKARTA

AMEMBASSY MANILA

AMEMBASSY TOKYO

AMEMBASSY WELLINGTON

USLO PEKING

CINCPAC

UNCLAS SECTION 1 OF 2 KUALA LUMPUR 7073

CINCPAC FOR POLAD

E.O. 11652: N/A

TAGS: PFOR, ASEAN MY, SN

SUBJECT: PRIME MINISTER LEE KUAN YEW'S VISIT TO KUALA LUMPUR

REF: (A) KUALA LUMPUR 7019 (NOTAL), (B) FBIS BANGKOK 07124Z DEC 76

1. SUMMARY. SINGAPORE PRIME MINISTER LEE AND PARTY DEPARTED KUALA LUMPUR DEC 7 FOLLOWING TWO-DAY WORKING VISIT DURING WHICH DISCUSSIONS WITH MALAYSIAN COUNTERPARTS CENTERED ON VARIETY OF BILATERAL, REGIONAL AND INTERNATIONAL ISSUES. JOINT STATEMENT ISSUED AT END OF VISIT STRESSED ECONOMIC COOPERATION ISSUES, ESPECIALLY UNDER AEGIS OF ASEAN, URGING THAT ORGANIZATION TO MOVE FORWARD WITH VARIOUS ECONOMIC INITIATIVES, INCLUDING COOPERATIVE ARRANGEMENTS BETWEEN IT AND OTHER COUNTRIES AND ORGANIZATIONS. MALAYSIAN TRADE AND INDUSTRIES MINISTER HAMZAH INDICATED SPECIFIC AGREEMENT BETWEEN HIM AND SINGAPORE FINANCE MINISTER HON ON THIS LAST POINT, STATING
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THAT IN DIVIDING UP RESPONSIBILITY AMONG ASEAN MEMBERS

MALAYSIA COULD LEAD THE ASEAN NEGOTIATIONS WITH JAPAN WHILE SINGAPORE COULD LEAD SIMILAR TALKS WITH AUSTRALIA AND NEW ZEALAND. IN A WIDE RANGING PRESS CONFERENCE DEC 7, PM LEE TOLD NEWSMEN THE WORLD WAS ABOUT TO ENTER A NEW AND UNCERTAIN PERIOD, EXPRESSED HIS OPPOSITION TO A SECURITY ROLE FOR ASEAN PER SE WHILE SUPPORTING CONCEPT OF BILATERAL SECURITY COOPERATION "OUTSIDE THE SCOPE OF ASEAN," AND PREDICTED SWEEPING PAP VICTORY IN SINGAPORE GENERAL ELECTIONS LATER THIS MONTH. VISIT PROVIDED USEFUL OPPORTUNITY FOR "FRANK AND FRUITFUL EXCHANGE OF VIEWS" (LEE) BUT NOTHING IN THE PUBLIC RECORD SUGGESTS SIGNIFICANT NEW GROUND BROKEN DURING TALKS. FOLLOWING INFORMATION IS FROM JOINT STATEMENT AND INTERVIEWS GIVEN NEWSMEN BY PARTICIPANTS. END SUMMARY.

2. GENERAL OVERVIEW OF VISIT. IN JOINT STATEMENT ISSUED DEC 7 BY PRIME MINISTER'S DEPARTMENT ON CONCLUSION OF "UNOFFICIAL" WORKING VISIT TO KUALA LUMPUR DEC 6-7 BY SINGAPORE PRIME MINISTER LEE KUAN YEW (ACCOMPANIED BY HIS WIFE, FOREIGN MINISTER RAJARATNAM AND FINANCE MINISTER HON SUI SEN), THE TWO PRIME MINISTERS PLEDGED TO CONTINUE CLOSE COOPERATION BETWEEN THEIR NATIONS IN ALL FIELDS. ACCORDING TO THE STATEMENT THE VISIT WAS MADE IN THE CONTEXT OF THE CONTINUING EXCHANGE OF INFORMAL VISITS BETWEEN THE TWO COUNTRIES' HEADS OF GOVERNMENT AND PROVIDED THEM AN OPPORTUNITY TO EXCHANGE VIEWS ON INTERNATIONAL AND REGIONAL MATTERS. (LEE TOLD NEWSMEN HE AND DATUK HUSSEIN "HAD A FRANK" AND FRUITFUL" EXCHANGE.)

3. ECONOMIC COOPERATION: ASEAN'S ROLE. IN THEIR JOINT STATEMENT THE TWO LEADERS REAFFIRMED THEIR FULL COMMITMENT TO ASEAN AND AGREED TO ACCELERATE THE IMPLEMENTATION OF THE DECISIONS TAKEN AT THE FEBRUARY ASEAN SUMMIT AT BALI, ESPECIALLY THOSE RELATING TO ESTABLISHMENT OF PREFERENTIAL TRADE ARRANGEMENTS AND ASEAN INDUSTRIAL DEVELOPMENT. THEY ALSO URGED ESTABLISHMENT OF ADDITIONAL ASEAN INDUSTRIAL PROJECTS, CONCLUSION OF INVESTMENT GUARANTEE AGREEMENTS AMONG MEMBER COUNTRIES, AND FURTHER ASEAN COOPERATION WITH OTHER COUNTRIES AND REGIONAL AND INTERNATIONAL ORGANIZATIONS. IN ADDITION THEY CITED ROLE OF DEVELOPED COUNTRIES IN ADOPTING POLICIES TO INCREASE TRADE WITH AND INVESTMENT IN ASEAN

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AND EXPRESSED HOPE "SPIRIT OF COOPERATION" MANIFESTED IN RECENTLY CONCLUDED INTERNATIONAL AGREEMENT ON NATURAL RUBBER PRICE STABILIZATION WOULD BE EXTENDED TO OTHER AREAS OF TRADE AND INVESTMENT WITHIN THE REGION. LEE TOLD NEWSMEN HE HOPED THE SECOND ROUND OF ASEAN INDUSTRIAL PROJECTS TO BE SET UP IN VARIOUS COUNTRIES WOULD INVOLVE SMALLER SCALE ENTERPRISES NOT REQUIRING "LARGE INVESTMENT" AND WHICH "WE COULD GET OFF THE DRAWING BOARDS QUICKER" (THAN

THOSE IN THE FIRST ROUND).

4. ON ASEAN ECONOMIC COOPERATION WITH OTHER COUNTRIES AND ENTITIES, MALAYSIAN TRADE AND INDUSTRIES MINISTER DATUK HAMZAH TOLD NEWSMEN FOLLOWING MEETING DEC 6 WITH FINANCE MINISTER HON THAT BOTH HAD AGREED ASEAN "AS A BODY" SHOULD INITIATE TRADE NEGOTIATIONS "AS SOON AS POSSIBLE" WITH OTHER COUNTRIES SUCH AS THE U.S. AND JAPAN AS WELL AS THE EEC. SPECIFIC ASEAN NATIONS WOULD BE DESIGNATED ON THE BASIS OF WHICHEVER HAD THE BEST BILATERAL RELATIONS WITH PARTICULAR OUTSIDE NATIONS OR ORGANIZATIONS TO "LEAD THE ASEAN DELEGATION" IN ITS NEGOTIATIONS WITH THAT COUNTRY OR ORGANIZATION. THUS, FOR EXAMPLE, MALAYSIA COULD LEAD THE ASEAN NEGOTIATING TEAM WITH JAPAN "CONSIDERING ITS GOOD RELATIONS WITH THAT COUNTRY" AND SINGAPORE SIMILARLY COULD HEAD THE ASEAN DELEGATION DEALING WITH AUSTRALIA AND NEW ZEALAND, HAMZAH REMARKED. PRIOR TO HIS DEPARTURE HON TOLD NEWSMEN THAT PART AND PARCEL WITH CLOSER COOPERATION BETWEEN THE TWO NATIONS WOULD BE GREATER "INTEGRATION" OF THEIR TWO ECONOMIES AND LESS TRADE RESTRICTIONS BETWEEN THE TWO. REMOVAL OF SUCH RESTRICTIONS WAS A HIGH PRIORITY OBJECTIVE FOR SINGAPORE, HE OBSERVED.

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ACTION EA-09

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-02 PRS-01 SP-02 SS-15 USIA-15 EB-07

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P 090900Z DEC 76

FM AMEMBASSY KUALA LUMPUR

TO SECSTATE WASHDC PRIORITY 5450

INFO AMEMBASSY SINGAPORE PRIORITY

AMEMBASSY BANGKOK

AMEMBASSY CANBERRA

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UNCLAS SECTION 2 OF 2 KUALA LUMPUR 7073

CINCPAC FOR POLAD

5. STATE OF THE WORLD, ASEAN AND REGIONAL SECURITY COOPERATION. ACCORDING TO A TAPE OF HIS DEC 7 PRESS CONFERENCE AT THE STATE GUEST HOUSE, LEE OPINED THAT THE WORLD IS ABOUT TO ENTER A NEW PERIOD OF POLITICAL AND ECONOMIC UNCERTAINTY. HE EXPRESSED CONCERN THAT AN INCREASE IN OIL PRICES (BY OPEC) WOULD RETARD THE ECONOMIC RECOVERY OF THE INDUSTRIALIZED COUNTRIES AND PREDICTED THAT ONCE THE NEW U.S. PRESIDENT IS INSTALLED PRESSURES WILL MOUNT FOR PROGRESS TOWARD A MIDDLE EAST SETTLEMENT. ON THAI PRMIE MINISTER THANIN'S RECENT PROPOSAL FOR POSSIBLE DEFENSE COOPERATION BETWEEN ASEAN PARTNERS, LEE COMMENTED THAT "THE ASEAN ORGANIZATION IS NOT DESIGNED FOR DEFENSE OR SECURITY ARRANGEMENTS OR OBJECTIVES," ALTHOUGH SUCH "UNDERSTANDINGS" BWTWEEN TWO OR MORE ASEAN PARTNERS "OUTSIDE THE SCOPE OF ASEAN" WOULD BE APPROPRIATE, PARTICULARLY THOSE OF A BILATERAL NATURE REFLECTING "COMMON SECURITY PROBLEMS." ASKED TO COMMENT ON THE NEW THAI GOVERNMENT'S RELATIONS WITH THE INDOCHINESE STATES, LEE DECLINED, SAYING UNCLASSIFIED

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ONLY THAT THIS "IS A SENSITIVE AREA" AND WHAT IS DESIRABLE IS "CORRECT AND, IF POSSIBLE, GOOD NEIGHBORLY, RELATIONS" BWTWEEN THAILAND AND LAOS, CAMBODIA AND VIETNAM.

6. MALAYSIA-SINGAPORE SECURITY MATTERS. ASKED WHY SINGAPORE, IN CONTRAST WITH MALAYSIA, HAS NOT EXPERIENCED INSTANCES OF TERRORISM AND SABOTAGE BY COMMUNIST ELEMENTS, LEE SAID THE LACK OF "SYMBOLIC DRAMATICS AS HAVE OCCURRED IN KUALA LUMPUR" PROBABLY REFLECTS: (A) THE CPM'S LACK OF ORGANIZATIONAL CAPACITY THAT FAR SOUTH TO CARRY OUT SUCH OPERATIONS, AND (B) STRATEGIC AND TACTICAL CONSIDERATIONS BY THE COMMUNISTS, WHO TRADITIONALLY TRY TO TAKE ON COUNTRIES "ONE AT A TIME." NONETHELESS, "WE CANNOT AFFORD TO IGNORE THE THREAT AS A COMMON THREAT" (BETWEEN MALAYSIA AND SINGAPORE), LEE ADDED. HOWEVER, HE SAID HE DID NOT CONSIDER IT APPROPRIATE TO COMMENT ON DETAILS OF HIS TALKS WITH HUSSEIN ON MUTUAL SECURITY MATTERS.

7. PRC. ASKED ABOUT PROSPECTS FOR DIPLOMATIC RELATIONS BWTWEEN SINGAPORE AND THE PRC, LEE COMMENTED THAT THERE HAD BEEN A DRAMATIC CHANGE IN THE PRC GOVERNMENT SINCE HIS VISIT LAST MAY. SINGAPORE DESIRES GOOD RELATIONS WITH ALL MAJOR NATIONS IN THE WORLD. A RELATIONSHIP IS NOT IMPOSSIBLE WITHOUT FORMAL DIPLOMATIC TIES, BUT THESE WILL COME ONLY AFTER DIPLOMATIC RELATIONS ARE RE-ESTABLISHED BETWEEN THE PRC AND INDONESIA, HE INDICATED.

8. FINALLY, ASKED ABOUT THE PAP'S PROSPECTS IN THE COMING
(DEC 23) SINGAPORE GENERAL ELECTIONS, LEE SAID "WE STAND ON
OUR RECORD, OUR ACTUAL DEEDS, NOT EMPTY PROMISES." THE PEOPLE
SHOULD NOT BE "FRIVOLOUS IN THEIR CHOICE" AND "UNLESS
THER IS AN OPPOSITION WHICH IS LIKELY TO BE PRODUCTIVE AND SUBSTANTIAL

THERE IS HARDLY A POINT IN SCATTERBRAINED OPPOSITION," HE
DECLARED.

9. COMMENT: AS NOTED BY BOTH THE JOINT STATEMENT AND BY LEE,
THE VISIT PROVIDED A USEFUL OPPORTUNITY FOR A "FRANK AND
FRUITFUL EXCHANGE OF VIEWS" BETWEEN THESE TWO COUNTRIES WHO
SHARE MANY COMMON INTERESTS. HOWEVER, FROM THE PUBLIC RECORD
WE SEE NO EVIDENCE ANY THRESHOLDS WERE CROSSED OR NEW GROUND
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BROKEN DURING THE TALKS.
UNDERHILL

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